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SIPDIS

STATE FOR AC/CB, NP/CBM, VC/CCB, L/ACV, IO/S
SECDEF FOR OSD/ISP
JOINT STAFF FOR DD PMA-A FOR WTC
COMMERCE FOR BIS (GOLDMAN)
NSC FOR CHUPA
WINPAC FOR FOLEY

E.O. 12958: N/A

TAGS: PARM PREL ETTC AORC RS CWC

SUBJECT: CHEMICAL WEAPONS CONVENTION (CWC): WRAP-UP FOR
33RD SESSION OF THE OPCW EXECUTIVE COUNCIL, 24-28 JUNE

REF: A. THE HAGUE 1707

1B. STATE 179233

1C. THE HAGUE 1509

(U) This is CWC-72-03.

(U) See action requests in paragraphs 10, 28.

Summary

11. (U) In part due to the lack of documents and the slimmed down agenda, the EC-33 Session ended a day earlier than scheduled and left a number of important issues requiring attention at the September EC. Along with the U.S., many delegations highlighted the Technical Secretariat (TS) problem of late submission of documents. The Director-General noted this problem in his opening statement and informed States Parties that he was tasking Deputy Director-General Brian Hawtin specifically to deal with it. A number of documents that merited substantive discussion, and should receive attention at the next session, were only "received" by the Council vice "noted".

12. (U) The most concrete results came out of discussions with the Russian Federation concerning conversion requests, facility agreements and combined plans that were the main focus of the week (Ref A). Four of Russia's combined plans for conversion (Lewisite, Sarin, Soman, and Phase II) were approved as well as the U.S. detailed plan and facility agreement for Umatilla and the U.S. combined plan for destruction at Newport. End Summary.

Annotated Agenda Item Three:
Statement by the Director General

13. (U) The Director General (DG) highlighted what he sees as the three most important developments since he took office: re re-establishing working relations with the States Parties, resolving the staff tenure issue, and making the budget process more open and transparent. He briefly touched on the first two, indicating that progress had been made toward reforming the bonds of trust between the TS and States Parties and that the TS was already implementing the recent EC decision on tenure (staff notifications on one-seventh turnover for 2003 are nearly complete). The remainder of his statement focused on budget issues. The TS is taking steps to put in place a "results based budgeting process." However, given the lack of technical expertise relating to this process the 2004 budget was put together using the previous process. He argued that he had directed his staff to attempt to achieve zero nominal growth, but that 6.1 percent of the 8.3 percent budget increase the TS is requesting for 2004 are statutory or fixed increases that are unavoidable. There were five budget items that he felt it important to defend (ICA, Travel, Consultants, Training, Re-activating Posts). In particular, he defended the utility of the six consultants he is currently using on issues such as optimization of verification assets, Latin American Implementation, and Korean Peninsula Implementation. On Article IV/V payments, he noted 2 ways to resolve this issue: either the States Parties allow the TS to use budget surpluses to cover Article IV/V shortfalls or set up an advance payment system by possessor states. He closed by stating that he had directed the Office of Internal Oversight to investigate the reasons behind the delays in TS issuance of documents and gave a brief description of program delivery for the past quarter.

14. (U) During the general debate following the DG's statement the Russian Federation noted that the US had released \$160 million for construction of a destruction facility a Schuch'ye and stated its intention to destroy the nerve agent filled munitions from Schuch'ye and Kizner at the site. Because of cost and safety considerations, they

intend to neutralize the nerve agent munitions at Pochev, Leonidovka, and Maradovsky on site which would in Russia's estimation equal destruction. Finally, Russia indicated that contrary to a TS report released the prior week Russia had in fact completed conversion of 15 of the 16 facilities approved for conversion and they were awaiting certification. (Subsequent sidebar conversations indicated Russian belief that rendering facilities incapable of further producing chemical weapons in fact constitutes conversion.)

Annotated Agenda Item Four:
Status of Implementation of the
Convention and Related Issues

----- National Implementation Measures -----

15. (U) The Executive Council (EC) did not task the Counter-Terrorism Working Group, under its mandate from EC-XXVII/Dec.5, to develop the Article VII Action Plan per the instructions of the First Review Conference. Iran, France and others opposed that proposal. Instead, delegations accepted report language under "Any Other Business" that reads:

"The Council noted with satisfaction the outcome of the first Review Conference and also noted the need for a number of follow-up actions. The Council decided to include these various issues in its work program."

16. (U) This leaves the Chairman free to appoint Mark Matthews of the UK del as facilitator, reporting directly to the Chairman, for the Article VII Action Plan.

----- Optimization of verification activities -----

17. (U) The DG made it evident at the margins of and during the EC that the desire to further optimize resources was a TS priority, and must be for States Parties too. The DG acknowledged that States Parties needed to be closely consulted in moving this initiative forward. A surprise was the DG's statement suggesting there would be a U.S. visit by BG Diamantidis, a TS French Consultant for development of a cost-saving verification concept. BG Diamantidis briefed the EC on the status of developing a general concept for lowering costs at CW destruction facilities (CWDF). On the margins of the EC, Amb. Javits chaired an informal discussion with BG Diamantidis and Dr. Reeps (Director of Verification) with del representatives present to discuss our approach and to assist the TS in its optimization efforts. The Del expressed the view that, before the U.S. is able to entertain a visit by BG Diamantidis, it is necessary to determine within the interagency what the U.S. believes is absolutely required for verification. Only then could a determination be made with the TS and other States Parties as to what constitutes an acceptable level of verification. Del agreed that a visit by BG Diamantidis may be possible once such steps were taken. Del also stated that whatever BG Diamantidis recommends in terms of use of additional monitoring equipment/technologies would be just that, a recommendation.

----- Status of implementation of Articles X and XI -----

18. (U) The EC noted the Report by the Director-General on the status of implementation of Articles X and XI of the Chemical Weapons Convention as at 31 December 2002. Prior to this decision, the US and UK both voiced concern at the small number of States Parties that have complied with their Article X declaration requirements. Iran and India commented that the lack of agreed declaration formats has prevented them from submitting the relevant Article X declarations.

----- 2002 Verification Implementation Report -----

19. (U) The Council noted the 2002 Verification Implementation Report (EC-33/HP/DG.1, dated 14 March 2003) and three associated documents: (A) the Draft Corrigendum (EC-33/HP/DG.1/Corr. 1, dated 14 June 2003), (B) the Director General's Note on the Comments and Views Received on the 2002 Verification Implementation Report (EC-33/GD.13, dated 24 June 2003), and (C) the Chairman's summary of the informal consultations on the 2002 VIR (EC-33/2, dated 23 June 2003 and Corr. 1, dated 25 June 2003). The Russian Federation reiterated one of its written 'corrections' from the initial compilation (item (B)) concerning their destruction of leaking munitions at CWSFs, repeating the assertion that their use of mobile destruction units was within the definition of normal CWSF operation. They also expressed concern over the potential for this issue to prevent the future closure of inspection files. Concerns were raised by other States Parties with the VIR corrigenda being unclassified. The TS responded that the corrigenda did not

contain any confidential information as such, but in the future VIR corrigenda could be produced as Highly Protected documents, if so desired by the States Parties.

----- Article VI related obligations -----

¶10. (U) Del underlined that this important document had been received without sufficient time for delegations to present substantive comments, which is essential, given the saliency of the issue. This document was received by the Council with the understanding that it could be returned to at a later date if necessary. (Action Recommendation: Delegation requests guidance and suggests we request to have this item on the agenda for the next EC in September.)

Annotated Agenda Item Five:
Deadlines for Destruction of Category 1
Chemical Weapons Stockpiles

¶11. (U) Russia reiterated its success in meeting its 1 percent CW destruction milestone and stated that its destruction line at Gorniy will be ready to begin destroying lewisite in the third quarter of FY03. Moreover, all its stocks at the Gorniy facility would be destroyed by 2005. The Council noted the DG Report on the progress made by Russia in destroying CW at Gorniy (EC-33/DG.9, 20 June 2003).

In his report, the DG stated that optimization of verification measures at Gorniy continue to be discussed between the TS and Russia, and that the Facility Agreement for Gorniy would be distributed during the session. In coordination with the U.S. Del, the UK Del raised the issue of conducting the first of the EC Chairman's annual visits to the Russian CWDF under construction at Kambarka, as called for in the Decision document C-7/Dec.19, 11 October 2002, adopted during CSP-7. However, the UK Del was unsuccessful in negotiating with the Russian delegation suitable language for inclusion in the Council report on this subject. (Note: C-7/Dec.19 calls for the EC Chairman to report the results of such annual visits to the Council. What's more, based on the recommendation of the Council, it calls for the Conference to take a decision during CSP-8 establishing a substitute deadline for the twenty percent deadline established in the Convention, as requested by the Russian Federation. If CSP-8 is to take such a decision, the Kambarka trip will have to occur prior to the September EC session, so that the Council can receive the Chairman's report and render a recommendation to the Conference. Otherwise a special session of the Council will have to be convened to receive the report and make a recommendation. Delegation recommends approaching the EC Chairman with a view to energizing the process of organizing and conducting this trip sometime in August or early September. End note).

Annotated Agenda Item Six:
Detailed Plans for the Destruction
of Chemical Weapons

¶12. (U) Russia stated they could not join consensus on the ABCDF plan due to the precedent it establishes regarding the declaration of the post destruction facility. (Note: Though not stated by Russia on the floor of the Council, this position relates to the issue of Russia's "end-point destruction" concerns and the status of the 14 March CTR Memorandum of Understanding regarding the U.S.-funded Schuch'ye facility (Ref A).)

Annotated Agenda Item Seven:
Combined Plans for the Destruction or
Conversion and Verification of Chemical
Weapons Production Facilities

----- Bosnia and Herzegovina Combined Plan -----

¶13. (U) The Council approved the plan put forward by Bosnia and Herzegovina (EC-32/DG.3, dated 14 Feb 03) with corrigendum including U.S. comments.

----- Russian Combined Plans -----

¶14. (U) The Council deferred the combined plan for conversion and verification of the CWPF (production of a VX-type substance and filling it into munitions) at Open Joint Stock Company "Khimprom", in Novochereboksarsk the Russian Federation.

¶15. (U) The Council approved the 4 remaining Russian combined plans for conversion and verification. A corrigendum containing U.S. requested language was approved for the Open Joint Stock Company "Sibur-Neftekhim", "Kaprolaktam" plant, Dzerzhinsk, the Russian Federation.

¶16. (U) The Council approved the combined plan for destruction and verification of the CWPF at Newport Chemical Depot, the United States, with the German-requested corrigendum.

¶17. (U) The Council received a report from the DG on the status of the conversion of former chemical weapons facilities. At the request of the U.S. a note was added to the Council report which included the need for transparency measures, in accordance with instructions in Ref B.

-----Text of Council Report Language on Transparency-----

¶18. (U) "It is the view of the Council that during its last regular session of each year, it should be fully informed by relevant States Parties about the status of conversion at those Chemical Weapons Production Facilities (CWPFs) located on their territory where conversion is still in progress.

In addition, it is the view of the Council that the Director General should inform the Council at its first regular session following the conduct of a usual annual inspection by the Technical Secretariat at those CWPFs where conversion is still in progress, of the progress made at such facilities.

The Council understands that if a change in the schedule of conversion activities at a CWPF occurs, an appropriate amendment to the Combined Plan for the conversion and verification for that facility will be submitted to the Technical Secretariat as soon as possible."

Annotated Agenda Item Eight:
Facility Agreements

----- Belgian Facility Agreement -----

¶19. (U) Per Belgium's request, consideration of the decision regarding Belgium's Schedule 1 protective purposes facility draft facility agreement (DFA) (EC-31/DEC/CRP.1, dated 11 Nov 2002) was deferred.

----- Aberdeen and Umatilla Facility Agreements -----

¶20. (U) The Council approved the Umatilla Chemical Agent Disposal facility FA (EC-32/DEC/CRP.5, dated 10 Mar 2003)

¶21. (U) At Russia's request, consideration of the Aberdeen Chemical Agent Disposal facility FA (EC-32/DEC/CRP.5, dated 10 Mar 2003) was deferred.

----- ROK Facility Agreement -----

¶22. (U) The ROK delegation asked that this item be deferred to the next session of the Executive Council.

Annotated Agenda Item Nine:
Chemical Industry Issues

¶23. (U) The facilitator for intersessional consultations on Captive Use had intended to circulate a formal draft decision for EC consideration, but held off because there was no consensus on the proposed text. Instead, the facilitator issued a formal document labeled "Facilitator's Proposal" of a draft decision (EC-33/DEC/CRP.4 dated 26 June). Technical Secretariat staff confused the versions of the text, and

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erroneously used an older version without the facilitator's most recent changes. A revised document will be issued shortly.

¶24. (U) Until this week, the sole opponent to consensus was the Russian Federation, which takes the position that Schedule 3 intermediates (e.g., chemicals not isolated for use or sale off the plant site) are not declarable. However, during sidebar discussions this week, the German delegation indicated they also do not support a decision on Captive Use (draft German paper faxed to Washington). The draft paper raises many objections, but from informal discussions it appears the German del opposes a Captive Use decision because they do not support declarations based purely on "theoretical" calculations. Germany argues that there is no firm basis for inspectors to verify such a declaration. DEL NOTE: Declarations based on calculation are clearly required by the already-approved Boundaries of Production decision text and are not specific to Captive Use situations. As written, the Captive Use decision text only clarifies that there are no downstream physical handling activities that negate or mitigate a State Party's obligation to declare production if both concentration and quantity thresholds are exceeded.

Annotated Agenda Item Ten:
List of Validated Data for Inclusion
in the OPCW Central Analytical Database

¶25. (U) This list was approved by the Council without discussion.

Annotated Agenda Item Eleven:
Financial Issues

¶26. (U) Article IV and V: In his opening statement, DG Pfirter called for a permanent fix to the reimbursement mechanism. U.S. also called for a permanent fix in Ambassador Javit's opening statement and from the floor under this agenda item. Russia stated that it would need to carefully study the issue. India stated that the U.S. may have some good ideas, but reiterated its familiar line that domestic legislation will prevent India from making advance payments.

¶27. (U) DG report on cash surplus for 2001: TS Director of Administration Schulz reported that the cash surplus for 2001 is \$3,405,000. As of May 31, the OPCW cash balance was \$8,050,000 and that the 2001 cash surplus has not been touched. In response to a U.S. call to use the 2001 surplus to take care of the 1999 deficit, Schulz replied that it made sense and the TS would look into it.

¶28. (U) The Council "noted" the report by the DG on income and expenditure and "received" the ABAF report and the DG note on transfers made between or within programmes in 2002. The DG also notified the Council of transfers made between or within programmes in 2002. U.S. Del noted that late distribution of ABAF report and the documents on transfers made it impossible for delegations to provide substantive comments on these important documents. (Action Recommendation: Del asks for Washington guidance on whether to bring these items back up for discussion at the September EC.)

Annotated Agenda Item Twelve:
Draft OPCW Programme and Budget for 2004

¶29. (U) Budget facilitator Beerworth (Germany) presented his report on consultations to date. Beerworth plans to soon distribute four papers so that capitals can study them during the summer. The papers will be on inspector training for 2004, ICA (based on RevCon recommendations), additional information on security, justification for four new positions. After some discussion, the Council agreed that it "received" the draft budget rather than "noting" it.

Annotated Agenda Item Thirteen:
Provisional Agenda for the Eighth Session
of the Conference of the States Parties

¶30. (U) The Council approved the draft provisional agenda (EC-33/GD.7, dated 13 June 2003). Consideration was given to the removal of Agenda Item Twenty - Date and Duration of the Next Regular Session of the Conference of the States Parties, as the dates have already been established for these conferences through 2010. However, the decision was taken to leave this item in to comply with Conference of States Party rules, and to facilitate future changes in date or duration, if required.

Annotated Agenda Item Fourteen:
Any Other Business

¶31. (U) The Council approved the appointment of John D. Fox (U.S.), Sajjad Kamran (Pakistan), and Sang Soo Lee (Korea) to the Advisory Body on Administration and Finance, effective June 4, June 9, and May 27, 2003, respectively.

¶32. (U) The Council approved the inclusion of a statement in the report for the Thirty-Third Session noting the Council's satisfaction with the outcome of the First RevCon and the need for a number of follow-up actions to be included in its future work program.

¶33. (U) Hans Schramml (Austria), incoming facilitator for Article X issues, announced that he plans to hold consultations in September, and requested that delegations review and provide comments on draft forms for Article X reporting.

¶34. (U) Greece notified the Council of their EUR50,000

voluntary contribution as well as an additional EUR25,000 contribution to the Article X voluntary fund.

¶35. (U) Javits sends.
SOBEL